

---

**JOINT BUDGET COMMITTEE BILL**

---

**SUMMARY OF S.B. 13-190:  
CONCERNING THE IMPLEMENTATION OF THE COLORADO FINANCIAL REPORTING  
SYSTEM MODERNIZATION PROJECT.**

Prime Sponsors: Senator Steadman and Representative Gerou

**Bill Summary**

The bill: (1) authorizes the state to enter into one or more lease-purchase agreements for the implementation costs of the Colorado financial reporting system (COFRS) modernization project; (2) identifies procedures by which specific Legislative Branch committees may request that certain functionality be included in new COFRS system; and (3) establishes reporting requirements.

Specifically, this bill makes the following changes:

- Section 1 provides a legislative declaration explaining the rationale for financing the COFRS project through a capital lease purchase agreement.
- Section 2 authorizes the State Treasurer to execute one or more lease-purchase agreements for up to nine years for a principal amount not to exceed \$33,000,000. This section incorporates language necessary to ensure that the lease purchase complies with statutory and state constitutional requirements regarding state authority to enter into such agreements.
- Section 3 specifies that if the Joint Budget Committee (JBC), Legislative Audit Committee, or the Executive Committee of Legislative Council deem certain COFRS functionality to be of particular importance to the Legislative Branch, this will be conveyed in writing the Office of Information Technology (Office) and the Governor. The Office must either incorporate the functionality or explain why this cannot be done or is not possible without additional appropriations.
- Section 3 also requires the Office to report to the JBC and the Capital Development Committee regarding its progress on the project in a format and at time intervals specified by the JBC in writing.

## **JOINT BUDGET COMMITTEE BILL**

### **Fiscal Impact**

This bill authorizes the State to enter into one or more lease purchase agreements. Appropriations necessary to cover annual payments for this agreement, in addition to other costs associated with the COFRS modernization project, are included in the FY 2012-13 Long Bill and are expected to be included in the Long Bill for FY 2013-14 and future years. Appropriations for the project, comprised of multiple fund sources, are included in each department's operating budget, and the total is reappropriated in the capital construction section of the budget for capital construction-related costs, including lease-purchase payments.

The Executive Branch currently estimates that annual payments associated with the lease purchase agreement will be \$3.9 million, with interest and payments through FY 2021-22 totaling \$34.9 million.

The lease purchase payments represent a portion of the total cost of the COFRS project, which is projected to require approximately \$86 million in appropriations through FY 2021-22. Annual appropriations averaging \$8.6 million will include amounts for the lease-purchase payment, direct payments to the vendor for development, maintenance and operation of the system, and appropriations for oversight of the project by the Governor's Office of Information Technology. Based on fund splits approved for the first year of the project, approximately 44 percent of the total will be from the General Fund, 39 percent from cash and reappropriated funds, and 17 percent from federal funds.

### **Background Information**

The current COFRS state accounting system is the financial "backbone" of state operations, processing over \$30 billion in annual expenditures and revenues. The system is over 20 years old and is at significant risk of failure. In FY 2012-13, the General Assembly authorized the Executive Branch to proceed with a project to replace and modernize the system through an initial appropriation of \$8.6 million reappropriated funds for capital development costs, supported by line item appropriations for COFRS modernization in each state department's operating budget.

---

## JOINT BUDGET COMMITTEE BILL

---

The development of the new system began in FY 2012-13 and is expected to be completed by the end of FY 2013-14; however, the State's ability to proceed with system development is contingent upon funding for the front-end development costs. This bill enables the State to access this funding through a lease-purchase agreement. Pursuant to Section 24-82-801 (1) (b), C.R.S., specific legislative authorization is required for the State to enter into such agreements.

